

**State of New Jersey
Division of Pensions and Benefits**

INVESTMENT CARRIER COMPARISON GUIDE



For Employees of the:
Alternate Benefit Program (ABP)
and
Additional Contributions
Tax-Sheltered Program (ACTS)
(PERS and TPAF Employees)

December 2001

SELECTING A RETIREMENT COMPANY

When you participate in the Alternate Benefit Program (ABP) or the Additional Contributions Tax-Sheltered (ACTS) Program you must select an investment company to manage your money.

ABP members participate in a defined contribution plan whereby the employer contributes 8% and the employee contributes a mandatory 5% to a basic retirement plan. ABP members may also participate in voluntary Tax-Sheltered Annuities or Tax-Deferred Annuities.

ACTS is a voluntary tax-sheltered annuity program available to employees enrolled in defined benefit pension plans at employer locations where ABP is also available.

This guide offers information on the six investment carriers you can select for these programs. In deciding which one is best for you, here are some points to consider:

Financial Stability and Experience

Look for top ratings by independent agencies such as Standard & Poor's or Moody's Investors Service. The highest ratings (AAA and Aaa) indicate superior stability, claims-paying abilities, sound investments and financial strength.

Management Objectives

Since ABP and ACTS are retirement programs, the emphasis should be on long-term results. Examine the

company's prospectus for each investment option, specifically the types of investments, the objectives and risks involved, and the expenses and fees associated.

Expenses and Fees

Expense charges allow financial companies to operate. Over the years, expenses can take a significant bite out of your retirement investments.

- Higher expenses mean the fund's return has to be higher to make up for them.
- Sales fees ("loads") or transfers and withdrawal fees mean you may pay more over the long term.
- Lower expenses mean more of your money is working for you.

Service Features

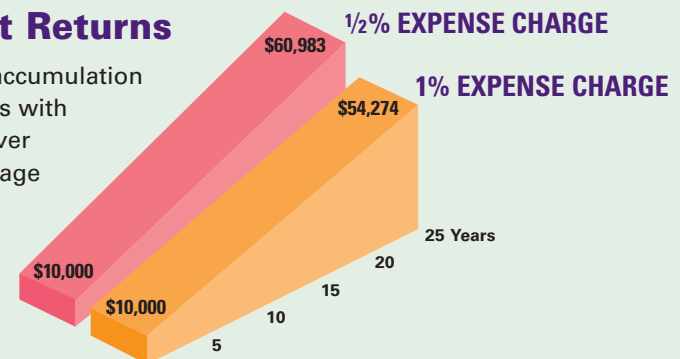
Consider a company committed to assisting you both during your working years and after you retire. Look for the following:

- A toll-free customer service telephone center.
- Interactive websites with secure online access for account information, transaction capability and up-to-the-minute market news and reports.
- Personal face-to-face counseling and assistance on planning for retirement and other financial needs.
- Education workshops and seminars, newsletters, quarterly and annual statements.

To participate in any of these programs, please contact your Human Resources Office.

How Expenses Impact Returns

The chart shows the growth of an accumulation of \$10,000 in two hypothetical funds with expense charges of 1/2% and 1% over a 25-year period, assuming an average annual return of 8%. Reducing expenses by 1/2% can add approximately \$6,709 (before taxes) to this investment return.



FINANCIAL TERMS MADE EASY

Retirement plans often use specialized terms regarding the type of plan and their investment choices. To make it easier, definitions for key words are provided below.

Annuity

A contract by which an insurance company agrees to make regular payments to someone for life or for a fixed period. See **Fixed Annuity** and **Variable Annuity**.

Defined Benefit Plan

A retirement plan that provides a specified benefit based on salary and years of service. The plan sponsor makes the investment choices and is responsible for ensuring that sufficient assets are available to pay the retirement benefit.

Defined Contribution Plan

A retirement plan that specifies a rate of employer and/or employee contributions usually defined as a percentage of salary. The employee makes investment choices. Investment return will effect an employee's accumulation. The retirement benefit is dependent upon the employee's accumulation, age, and benefit option(s).

Expenses

Expenses for annuities may carry the following types of fees: 1) a **fund expense** which includes management fees for the subaccounts of variable annuities; 2) a **mortality and expense (M&E)** charge for the insurance contract guarantee, including sales commissions and administrative expenses; 3) a **surrender charge** if the annuity contract is closed and funds are withdrawn or transferred before a specified length of time (usually between 1-10 years).

Fixed Annuity

A traditional insurance investment where the company guarantees principal and a specified interest rate and may offer dividends. The duration of the interest rate guarantee and the policy for determining future interest rates, as well

as expenses and fees, vary by company. Detailed information about these policies and expenses should be obtained from the investment company.

403(b) Plan

A plan similar to a 401(k), a tax-deferred retirement plan that lets employees of nonprofit education and research organizations and public schools contribute pretax dollars to an investment pool until the employee retires or terminates employment.

Salary Reduction

Pre-tax employee contributions to a savings or investment plan that are withheld from their salary through payroll deduction. These contributions are exempt from federal income taxes.

Tax-Sheltered Annuity (TSA) or Tax-Deferred Annuity (TDA)

A voluntary tax-deferred investment vehicle that is designed to help build extra retirement assets, and is funded through employee contributions. The employee makes investment choices.

Variable Annuity

An annuity, the value of which fluctuates based on the market performance of an underlying securities portfolio. Unlike Fixed Annuities, there is no guarantee of principal repayment or rate of return. Variable annuities are securities registered with the Securities and Exchange Commission which require a prospectus. The prospectus contains information you should know before purchasing a variable annuity and must be made available at the time of your enrollment or upon request.

NEW JERSEY ABP/ACTS INVESTMENT COMPANY COMPARISON GUIDE

	ING Aetna Financial Services	Lincoln Financial Group	MetLife	TIAA-CREF	Travelers (CitiStreet)	VALIC
CUSTOMER SERVICE						
Phone Number(s)	877-873-0321 or 800-525-4255	800-454-6265 (800-4Lincoln)	800-560-5001	800-842-2776	800-545-0108 or 732-602-0500	800-428-2542
SERVICES						
Web-based	aetnafinancial.com	LincolnLife.com	metlife.com	TIAA-CREF.org	travelersla.com	americangeneral.com/njabp
Voice Response System	800-262-3862	N/A	N/A	800-842-2252	800-842-9406	N/A
On campus/worksite representative	Aetna Investment Services Inc.; 877-873-0321	Each campus has an on-site Retirement Consultant assigned. Please call 877-908-2499 to contact your Lincoln Financial Group representative.	Available upon request; contact customer service to arrange an appointment or visit the ABP/ACTS website for a list by campus/worksite.	Noncommissioned Financial Consultants are available for face-to-face meetings. Call 800-842-8412 for an appointment.	Each campus has an on-site Financial Counselor assigned. Please call 800-545-0108 to contact your Travelers representative.	Available upon request; contact customer service to arrange an appointment or visit the ABP/ACTS website for a list by campus/worksite.
CARRIER FINANCIAL CONDITION (RATING)						
A.M. Best Co.	A+	A	A+	A++	A++	A+
Fitch	AA+	AA	AA-	AAA	AA	AA+
Standard & Poor's	AA+	AA-	AA	AAA	AA	AA+
Moody's Investors Service	Aa2	Aa3	Aa2	Aaa	Aa3	Aa2
INVESTMENT CHOICES BY ASSET CLASSES (EXPENSES BY FUND ARE LISTED IN PARENTHESIS BESIDE EACH ACCOUNT)						
Guaranteed	Fixed Plus Account II Aetna Long-Term GAA Aetna Short-Term GAA	Lincoln Fixed Account	Fixed Interest Account	TIAA Traditional	Enhanced Travelers T-Flex Fixed Annuity	Fixed Account Plus, Short-Term Fixed Account
Fixed Income - Bonds	Aetna Bond VP (0.50%)	Bond (0.96%)	Fidelity Bond (0.54%)	CREF Bond Market (0.38%) CREF Inflation-Linked Bond (0.39%)	Travelers Quality Bond (0.32%)	Capital Conservation Fund (0.59%)
Money Market	Aetna Money Market (0.34%)	Money Market (0.58%)	Fidelity Money Market (0.35%)	CREF Money Market (0.34%)	Travelers Money Market (0.32%)	Money Market Fund (0.60%)
Equity-Stocks	Janus Worldwide (0.69%)	Capital Appreciation (0.76%)	Fidelity Equity Inc (0.56%)	CREF Stock (0.40%)	Alliance Growth Portfolio (0.82%)	American Century
	Janus Agressive Growth (0.66%)	International (0.96%)	Stock Index FFA (0.28%)	CREF Global Equities (0.46%)	Fidelity VIP Growth Portfolio (0.64%)	International Growth (1.01%)
	MFS Emery Equities (0.78%)	Equity-Income (0.79%)	Scudder Global Equity (0.78%)	CREF Equity Index (0.36%)	Fidelity VIP Equity-Income (0.55%)	T. Rowe Price Science
	Fidelity Contrafund (0.66%)	Aggressive Growth (0.78%)	T. Rowe Price Small Cap (0.58%)	CREF Growth (0.42%)	Dreyfus Stock Index Fund (0.26%)	& Technology (0.48%)
	Pilgrim International Value (1.00%)	Special Opportunities (0.49%)	Fidelity Growth (0.65%)		Templeton Growth	Founders/T. Rowe Price
	Aetna Index Plus Large Cap (0.44%)	DGPF Trend Series (0.83%)	Fidelity Overseas (0.89%)		Securities (0.88%)	Small Cap (0.95%)
	Aetna Value Opportunity (0.75%)	Social Awareness (0.38%)			Capital Appreciation (Janus) (0.83%)	Core Equity (0.85%)
					Travelers Social Awareness (Smith Barney) (0.75%)	MidCap Index (0.40%)
Balanced	Aetna Balanced Fund VP (0.59%)	Global Asset Allocation (0.94%)	Fidelity Asset Manager (0.61%) Calvert Social Balanced (0.88%)	CREF Social Choice (0.38%)	Fidelity VIP Asset Manager (0.61%)	Growth & Income (0.41%) Stock Index (0.35%) Templeton Asset Strategy (1.07%)
Real Estate	N/A	N/A	N/A	TIAA Real Estate (0.64%)	N/A	N/A
TOTAL EXPENSES						
Total expenses and fees including: • Fund Expense (also shown separately under the section "Investment Choice By Option") • Mortality & Expense Charge • Separate Account Fee Expenses and fees were derived from the prospectuses in the respective enrollment kits.	1.34% - 2.00%	1.38% - 1.94%	1.23% - 2.13%	0.34% - 0.64%	1.51% - 2.08%	1.40% - 2.07%

NEW JERSEY ABP/ACTS INVESTMENT COMPANY COMPARISON GUIDE

ING Aetna Financial Services		Lincoln Financial Group	MetLife	TIAA-CREF	Travelers (CitiStreet)	VALIC
TRANSFERRING FUNDS WITHIN CARRIER INVESTMENTS OPTIONS OR AMONG INVESTMENT CARRIERS WHILE EMPLOYED						
<p>Transferring funds within a single carrier's investment options: Restrictions and charges</p> <p>(other restrictions may apply, see prospectuses for details)</p>	<p>Limited to 20% for any 12 month period (Fixed Plus Account II). 100% transfer option if account value is less than \$3,500.</p> <p>For Long- and Short-Term GAA, account values transferred before the end of the guarantee period will be subject to a market value adjustment.</p> <p>From Variable: None.</p>	<p>From Fixed Account: Limited to 25% each year.</p> <p>From Variable: None.</p>	<p>From Fixed Interest Account: Transfers exceeding 20% of the fixed account value in any one year are subject to the following deferred sales charge: Year 1, 7%; Year 2, 6%; Year 3, 5%; Year 4, 4%; Year 5, 3%; Year 6, 0%.</p> <p>From Variable: None.</p>	<p>Under RAs and GRA's (ABP):</p> <p>From TIAA Traditional: Limited to \$10,000 or entire account made over a 10 year period. From Variable: None</p> <p>There is no service charge for this service.</p> <p>Under GSRA's (ABP & ACTS):</p> <p>Fully cashable and transferable among all accounts and to approved carriers. There is no service charge for this service.</p>	<p>From Fixed Account: In service withdrawals limited to 20% per year. Excess withdrawals subject to a deferred sales charge of 7% on amounts withdrawn within 5 years of contributions.</p> <p>From Variable: None.</p>	<p>From Fixed Account: Limited to 20% per year.</p> <p>From Variable: None.</p> <p>During the purchase period there is a 90-day holding period if transfer was previously made into short-term fixed account.</p>
<p>Transferring funds between investment carrier's: Restrictions and charges</p> <p>(other restrictions may apply, see prospectuses for details)</p>	<p>Limited to 20% for any 12 month period (Fixed Plus Account II). 100% transfer option if account value is less than \$3,500.</p> <p>For Long- and Short-Term GAA, account values transferred before the end of the guarantee period will be subject to a market value adjustment.</p> <p>From Variable: None.</p>	<p>From Fixed Account: Transfers exceeding 20% of the fixed account value in any one year are subject to the following withdrawal charges: Years 1-5, 6%; Years 6-7, 4%; Year 8, 3%; Year 9, 2%; Year 10, 1%, Years 11+, 0%.</p> <p>From Variable: None.</p>	<p>From Fixed Interest Account: Transfers exceeding 20% of the fixed account value in any one year are subject to the following deferred sales charge: Year 1, 7%; Year 2, 6%; Year 3, 5%; Year 4, 4%; Year 5, 3%; Year 6, 0%.</p> <p>From Variable: None.</p>	<p>Under RAs and GRA's (ABP):</p> <p>From TIAA Traditional: Limited to \$10,000 or entire account made over a 10 year period. From Variable: None</p> <p>There is no service charge for this service.</p> <p>Under GSRA's (ABP & ACTS):</p> <p>Fully cashable and transferable among all accounts and to approved carriers. There is no service charge for this service.</p>	<p>From Fixed Account: In service withdrawals limited to 20% per year. Excess withdrawals subject to a deferred sales charge of 7% on amounts withdrawn within 5 years of contributions.</p> <p>From Variable: None.</p>	<p>From Fixed Account: Limited to 20% per year.</p> <p>From Variable: None.</p> <p>During the purchase period there is a 90-day holding period if transfer was previously made into short-term fixed account.</p>

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SURRENDER OR WITHDRAWAL UPON RETIREMENT OR SEVERANCE FROM EMPLOYMENT						
Restrictions and charges (other restrictions may apply, see prospectuses for details)	Fixed Plus Account II restrictions are waived due to death, separation from service, financial hardship or if account value is less than \$8,500. For Long- and Short-Term GAA, distribution due to death of participant or the election of lifetime annuity payout to the participant before maturity date will result in a positive market value adjustment (MVA). Any other withdrawals before the maturity date could result in a MVA (positive or negative). From Variable: None.	There are no surrender/withdrawal charges on any monies disbursed directly to the annuitant as a result of retirement or separation from service.	From Fixed Account: None From Variable: None.	There are no charges for withdrawals or surrenders from any accounts under the RA or GSRA. For the GRA there are no charges for withdrawals from the TIAA Real Estate or CREF accounts in any form. For lump sum withdrawals from TIAA Traditional there is a 2.5% surrender charge. There is no charge for withdrawals from TIAA Traditional in any form other than lump sum.	From Fixed Account: None for death, disability, systematic payout for minimum 3 years or retirement/severance at age 55 with 6 years participation. Other withdrawals subject to an annual 20% free withdrawal. Excess withdrawals subject to a deferred sales charge of 7% on amounts withdrawn within 5 years of contribution. From Variable: None.	From Fixed Account: None. From Variable: None.
INCOME OPTIONS						
Cash Withdrawals	Subject to plan restrictions	Subject to plan restrictions	Subject to plan restrictions	Subject to plan provisions	Subject to plan restrictions	Subject to plan restrictions
Systematic Withdrawals	Subject to plan restrictions	Subject to plan restrictions	Subject to plan restrictions	Subject to plan restrictions	Subject to plan restrictions	Subject to plan restrictions
Interest-only payments	No	Yes	No	Yes	Yes	This can be withdrawn on a percentage basis, but not on a specific interest rate.
Minimum distribution	Yes	Yes	Yes	Yes	Yes	Yes
Fixed period payments	Subject to plan restrictions	Subject to plan restrictions	Subject to plan restrictions	Subject to plan restrictions	Subject to plan restrictions	Subject to plan restrictions
Single Life Annuity	Yes	Yes	Yes	Yes	Yes	
Joint Survivor Annuities	Yes	Yes	Yes	Yes	Yes	Yes
Guaranteed Periods	Yes; 5-30 year terms	Yes	Yes	Yes: 10-, 15- or 20-year terms	Yes	Yes
Fixed and variable income	N/A	N/A	N/A	TIAA Real Estate and the CREF accounts are available as variable annuity income. Transfers during the annuity period are permitted, subject to limitation.	N/A	Yes
LOAN PROVISIONS						
Available (check with carriers for specific fees)	Yes	Yes	Yes	Yes	Yes	Yes